

1820

13 February 1981

MEMORANDUM FOR: Director of Personnel Policy,  
Planning & Management

VIA: Inspector General *CRB*

FROM:   
Chief, Audit Staff

SUBJECT: Audit of Government Employees  
Health Association, Inc. (GEHA)

1. The Audit Staff has scheduled an audit of GEHA as of 31 December 1980. The audit is planned to begin about 1 April 1981. We will request an initial meeting with you or your representative to discuss the audit and to identify those areas where you feel our audit effect may be most beneficial.  has been assigned overall responsibility for the audit. He will be assisted by two other auditors.

2. Please indicate your concurrence by signing and returning the original of this memorandum.

CONCUR: Based on discussion with  and  to reschedule the GEHA audit until 1 June 1981.

Director of Personnel Policy,  
Planning & Management

Date

Distribution:

1-Orig - Signature & return  
1 - D/PPPM  
1 - O/Compt/BMG

CONFIDENTIAL

*Pls File in*  
**GEHA AUDIT FILE**

ROUTING AND RECORD SHEET				
SUBJECT: (Optional) Audit of GEHA				
FROM: Chief, Audit Staff 1201 Key		EXTENSION	NO. 1820	DATE
TO: (Officer designation, room number, and building)		DATE		OFFICER'S INITIALS
		RECEIVED	FORWARDED	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
1.	IG	1/16	1/16	052
2.	DD/PPPM- 5 E 13 Hqs			For Concurrence
3.				
4.	DD/PPPM / SP			
5.				
12.				
13.				
14.				
15.				

"DD/SP - Ernie: Any problem? Also, have we fully complied with last year's audit report. I've yet to contact Ed Allen, but will this week. DD/PPPM"

*DD Ernie:  
 Any problem?  
 We have  
 we fully  
 complied with  
 last year's  
 audit report.  
 we yet to  
 contact Ed  
 Allen but  
 will this  
 week.  
 3*

POST OFFICE BOX 463  
WASHINGTON, D. C. 20044

OFFICE OF THE  
PRESIDENT

Mr. James L. Edwards, Chief  
Audits Division  
Office of Personnel Management  
Washington, D.C. 20415

Dear Mr. Edwards:

This is in response to your letter of January 13, 1981, concerning OPM's Final Audit Report E-80-005. We received that report and noted your request that we provide a response within 60 days of its receipt. However, I and members of my staff, in a meeting on October 29, 1980, discussed the audit findings with Mr. Kevin Burns, Assistant Director for Insurance Programs and Ms. Judy Cahill of the Employee Organization Plans Division, Insurance Programs. During this meeting Mr. Burns stated that the issue of the Underwriter's overwrite expense was to be the subject of further discussion within OPM, and that it was his intention to schedule a meeting on December 1, 1980, with you and Mr. MacWhorter to resolve this issue. We were also subsequently advised that it was not necessary to reply to the audit findings since they obviously were not final. A member of my staff has been in frequent contact with Mr. MacWhorter's office since December 1, 1980, to determine if this issue has been resolved. To date, we have been informed that no decision has been reached.

In view of this, I was surprised to receive your letter of January 13, 1981, advising that we were delinquent in our response. Since the issue of the Underwriter's overwrite expense is a critical matter having great impact on Mutual of Omaha and our Plan's financial position, I would appreciate some explanation of what has transpired on it since our meeting with Mr. Burns. At a minimum, I feel an extension is in order on our reply to your audit report if it is indeed OPM's final position. I would welcome the opportunity to discuss this issue with you and Mr. Burns. My telephone number is

STAT

Sincerely,

*Omaha Audit File*  
*IB chrono*  
*OPM chrono*

President

STAT

Distribution:

Original - Addressee

1 - DD/PPP&M

3 - IB

1 - BSD

DD/PPP&M/SP/BSO/IB

RETYPEO DD/PPP&M/SP/BSO;

STAT

United States of America  
Approved For Release 2005/07/12 : CIA-RDP86-00964R000200070021-6  
**Office of  
Personnel Management** Washington, D.C. 20415

In Reply Refer To:

Your Reference:

13 JAN 1981

STAT

[ ] President  
Government Employees Health Association, Inc.  
Post Office Box 463  
Washington, D.C. 20044

STAT

Dear [ ]

On September 5, 1980 we issued our Final Audit Report E-80-005 covering the operations of your Plan for 1974 and 1975. In accordance with OPM regulation, as explained in the cover letter to the audit report, the Plan is permitted 60 days from the date of the report to provide a reply to the final audit findings. Further, in accordance with OMB regulations, OPM is required to issue a Contracting Officer's Final Decision on all unresolved audit findings no later than 6 months from the date of the Final report.

To date, we have not received your reply to the Final report and, therefore, we are unable to determine the extent to which the audit findings are unresolved.

We request that you provide your comments on the audit findings contained in the Final report within 15 days from the date of this letter. In the event that your comments are not received, we will make the following assumptions:

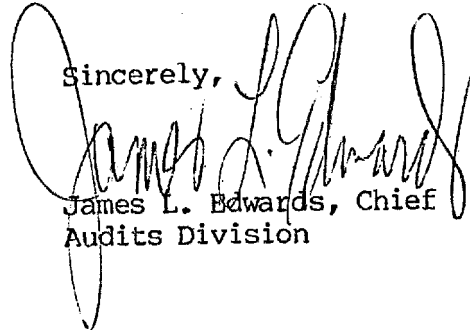
1. that Plan concurrence with audit findings in the Draft report remain valid in cases where the finding remains substantially unchanged in the Final report,
2. that appropriate corrective action, as suggested in the report, has been implemented where the Plan agreed with an audit finding presented in the Draft report,
3. that where concurrence with monetary issues has been indicated, the Plan has credited the Program with the proper amounts,
4. that where the Final report contains audit findings that are substantially changed from those in the Draft report, the Plan concurs with the finding and
5. that expressed disagreement with an audit finding in the Draft report remains valid in cases where the finding remains substantially

-2-

unchanged in the Final report. Contracting Officer Final Decisions will be issued on these items within 6 months from the date of the Final report.

If you have any questions, please contact Mr. Richard Thomas at Area Code 202-254-8960.

Sincerely,

A handwritten signature in dark ink, appearing to read 'James L. Edwards', is written over the typed name and title.

James L. Edwards, Chief  
Audits Division

GOVERNMENT EMPLOYEES HEALTH ASSOCIATION  
POST OFFICE BOX 463  
WASHINGTON, D. C. 20044

OFFICE OF THE  
PRESIDENT

Mr. James L. Edwards, Chief  
Audits Division  
Office of Personnel Management

Dear Mr. Edwards:

This is in response to your letter of January 13, 1981, concerning OPM's "FINAL" Audit Report E-80-005. We are in receipt of this report, and I am cognizant of the Audits Division, Insurance Program's request that we were to provide a response within 60 days of its receipt. However, I and members of my staff in a meeting on October 29, 1980, discussed the audit findings with Mr. Kevin Burns your Assistant Director for Insurance Programs and Ms. Judy Cahill of your Employee Organization Plans Division, Insurance Programs. During this meeting it was discovered that there were significant differences within OPM, specifically with the Audits Division and the Employee Organization Plans Division regarding the issue of the Underwriter's overwrite expense.

We were advised by Mr. Burns at this meeting that it was his intention to schedule a meeting on December 1, 1980, with you and Mr. MacWhorter to resolve this internal OPM issue. We were also subsequently advised not to reply to the audit findings since they obviously were not final. A member of my staff has been in frequent contact with Mr. MacWhorter's office since December 1, 1980, to determine if this issue has been resolved. To date, we have been informed that no decision has been reached.

Since your Audit Report E-80-005 does not appear to be the "final" audit findings, I believe it would be inappropriate for me at this time to provide you with comments on the audit findings. It is, therefore, requested that you advise me within 15 days from the date of this letter as to the final decision reached by OPM on the issue of the Underwriter's overwrite expense.

In as much as this report covers the years 1974 and 1975 which are respectively 7 and 6 years in the past, I am extremely interested in seeing that these audit findings are resolved in a timely manner and in the best interests of the Plan.

I would be happy to discuss this matter with you at your convenience.  
If such a meeting is desired, please contact [redacted] on  
[redacted] to make the necessary arrangements.

STAT

Sincerely,

[redacted]

President

STAT

cc: Mr. Kevin Burns  
Mr. George MacWhorter